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STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER

IN THE MATTER OF

**THE ROTARY FOUNDATION OF
ROTARY INTERNATIONAL,**

Authorizer Issuer of Charitable Gift Annuities
Respondent.

ORDER NO. 14-0201

WAOIC No. 152860
|

CONSENT ORDER
LEVYING A FINE

This Consent Order is entered into by the Insurance Commissioner of the state of Washington, acting pursuant to the authority set forth in RCW 48.38.070 and RCW 48.02.080, and The Rotary Foundation of Rotary International, an authorized issuer of charitable gift annuities.

BASIS:

1. The Rotary Foundation of Rotary International ("TRF") is a charitable organization that has issued charitable gift annuities in the state of Washington and is, therefore, governed by Title 48 RCW.

2. In 1979, the Washington State Legislature enacted Chapter 48.38 RCW, which sets forth the legal and regulatory requirements for the issuance of charitable gift annuities in Washington. RCW 48.38.010 provides that a qualified charitable organization may, upon receiving a Certificate of Exemption from the Insurance Commissioner, conduct charitable gift annuity business and be exempted from many of the requirements contained in Title 48 RCW.

3. TRF had its Certificate of Exemption suspended by Order dated April 2, 2004 for failing to file its year 2003 annual statement and pay its annual fee. A month later, by Order dated May 3, 2004, the Insurance Commissioner revoked TRF's Certificate of Exemption for the failures cited in the Order of Suspension, plus a failure to timely file its actuarial statement.

4. TRF reapplied for a Certificate of Exemption on June 26, 2014, disclosing that it currently has nine (9) active charitable gift annuity contracts issued to Washington residents, totaling \$811,690.67 and involving fourteen (14) consumers. Seven (7) of the nine contracts were issued between 2006 and 2013, after TRF's Certificate of Exemption was revoked, totaling \$686,690.67. TRF acknowledged that it discovered the need for a Certificate of Exemption in Washington on May 1, 2013, but did not reapply for a Certificate until more than a year later.

5. TRF was issued a new Certificate of Exemption on August 12, 2014.

6. By issuing seven (7) charitable gift annuities without having a valid Certificate of Exemption, TRF committed seven (7) violations of RCW 48.15.020.

7. By making unauthorized contracts of insurance, directly or indirectly, including Charitable Gift Annuities, TRF committed seven (7) violations of RCW 48.15.020(2)(b), and remains liable for the performance of the contracts and for the full amount of any loss sustained by an annuitant under any such contract.

8. A fine is authorized under RCW 48.15.023(5)(a)(ii) in an amount of not more than \$25,000 (Twenty-Five Thousand Dollars) per violation.

CONSENT TO ORDER:

The Insurance Commissioner of the state of Washington and the Respondent agree that the best interest of the public will be served by entering into this Consent Order.

NOW THEREFORE, TRF consents to the following in consideration of its desire to resolve this matter without further administrative or judicial proceedings. The Insurance Commissioner consents to settle the matter in consideration of TRF's payment of a fine and its compliance with such terms and conditions as are set forth below:

1. TRF acknowledges its duty to comply fully with the applicable laws of the state of Washington.

2. TRF consents to the entry of this Order, waives any and all hearing rights, and further administrative or judicial challenges to this Order.

3. By agreement of the parties, the Insurance Commissioner will impose a fine of \$7,500, to be paid within thirty (30) days of the entry of this Order.

4. TRF understands and agrees that any further failure to comply with the statutes that are the subject of this Order constitutes grounds for further penalties, which may be imposed in direct response to further violations.

5. TRF's failure to timely pay the fine within thirty days of execution of this Order and to adhere to the conditions above shall result in issuance of an Order to Cease and Desist and shall result in the recovery of the fine through a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the state of Washington.

6. This Order and the violations set forth herein constitute admissible evidence that may be considered in any future action by the Insurance Commissioner involving the Respondent. However, the facts of this Order, and any provision, finding or conclusion contained herein does not, and is not intended to, determine any factual or legal issues or have any preclusive or collateral estoppel effects in any lawsuit by any party other than the Insurance Commissioner.

EXECUTED this 29 day of October, 2014.

THE ROTARY FOUNDATION OF ROTARY INTERNATIONAL

By: Eric Schmelling

Printed Name: ERIC SCHMELLING

Typed Corporate Title: Director, Fund Development

AGREED ORDER:

Pursuant to the foregoing factual basis and Consent to Order, the Insurance Commissioner of the state of Washington hereby Orders as follows:

1. TRF shall pay a fine in the amount of \$7,500.
2. TRF's failure to pay the fine within thirty days of the execution of this Order shall result in the issuance of an Order to Cease and Desist and in the recovery of the fine through a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the state of Washington.

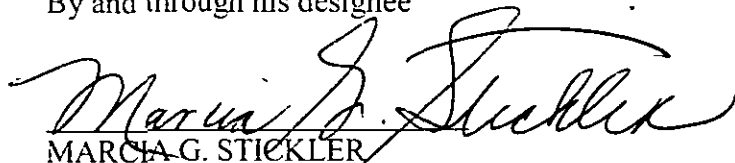
3. This Order and the violations set forth herein constitute admissible evidence that may be considered in any future action by the Insurance Commissioner involving the Respondent. However, the facts of this Order, and any provision, finding or conclusion contained herein does not, and is not intended to, determine any factual or legal issues or have any preclusive or collateral estoppel effects in any lawsuit by any party other than the Insurance Commissioner.

Executed this 13th day of November 2014.



MIKE KREIDLER
Insurance Commissioner

By and through his designee



MARCIA G. STICKLER
Insurance Enforcement Specialist
Legal Affairs Division